

Message Text

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PAGE 01 WELLIN 03144 232158Z

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SUBJ: JULY OVERSEAS EXCHANGE TRANSACTIONS SHOW CONTINUED MONTHLY
INCREASE IN CURRENT ACCOUNT DEFICIT

REF: WELLINGTON 2751

1. SUMMARY: THE CURRENT ACCOUNT DEFICIT FOR JULY ROSE TO \$81 MILLION (ALL DOLLARS IN THIS REPORT ARE NEW ZEALAND DOLLARS - US\$1.0099 EQUALS NZ\$1.00 AS AT AUGUST 23, 1976). THE INCREASED DEFICIT WAS CAUSED BY A SEASONAL DOWNTURN IN EXPORT RECEIPTS AND AN INCREASING INVISIBLES DEFICIT WHILE IMPORT PAYMENTS REMAIN HIGH. NET CAPITAL INFLOW FOR JULY WAS \$162 MILLION. THE CURRENT ACCOUNT DEFICIT FOR THE JULY YEAR WAS \$701 MILLION. THE INVISIBLES TRANSACTIONS DEFICIT ACCOUNTED FOR \$497 MILLION OF THIS. NET CAPITAL INFLOW FOR THE JULY YEAR WAS \$707 MILLION. EXPORT RECEIPTS ROSE TO \$2,564.5 MILLION FOR THE JULY YEAR. MEAT AND WOOL ACCOUNTED FOR NEARLY 48 PER CENT OF THIS, BUT MANUFACTURED AND FOREST PRODUCTS EXPORTS' SHARE ROSE TO 22 PER CENT OF TOTAL. END SUMMARY

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PAGE 02 WELLIN 03144 232158Z

2. THE MONTH OF JULY CURRENT ACCOUNT DEFICIT OF

\$81 MILLION JUMPED 2.4 FOLD OVER THE JUNE DEFICIT OF \$34 MILLION. THIS IS THE HIGHEST DEFICIT SINCE DECEMBER 1975 WHEN IT REACHED \$119 MILLION. IT IS ONLY SLIGHTLY LOWER THAN THE JULY 1975 DEFICIT OF \$85 MILLION. EXPORT RECEIPTS DROPPED SEASONALLY TO \$246 MILLION, LOWEST MONTHLY EXPORT RECEIPTS SINCE APRIL 1976 WHEN THEY WERE \$231 MILLION. THE INVISIBLES PAYMENTS HAVE BEEN EXPERIENCING AN ALMOST PERSISTENT MONTHLY GROWTH FOR MANY MONTHS TO REACH \$120 MILLION IN JULY WHEREAS MONTHLY INVISIBLES RECEIPTS HAVE HOVERED MOSTLY IN A RANGE BETWEEN THE LOW \$40 MILLIONS AND THE LOW \$50 MILLIONS (EXCEPT FOR MARCH 1976 WHEN THE ROSE TO \$65 MILLION). IMPORT PAYMENTS OF \$253 MILLION FOR JULY ALSO FOLLOW A PATTERN OF CONTINUED HIGH IMPORT PAYMENTS.

3. THE JULY CAPITAL INFLOW JUMPED TO \$228 MILLION. IT INCLUDED \$89 MILLION IN PROCEEDS OF A SWISS LOAN AND THE FIRST DRAWING (FOR \$37 MILLION) ON A MIDDLE EAST LOAN RECENTLY NEGOTIATED. CAPITAL PAYMENTS WERE \$66 MILLION.

4. FOREIGN EXCHANGE RESERVES INCREASED \$127 MILLION IN JULY.

5. THE CURRENT ACCOUNT DEFICIT FOR THE TRIMESTER ENDING JULY 1976 ROSE SHARPLY TO \$181 MILLION DUE MOSTLY TO THE RECORD BREAKING \$201 MILLION INVISIBLES DEFICIT DURING THE 3 MONTHS. EXPORT RECEIPTS TOTALLED \$769 MILLION FOR THE 3 MONTHS TO JULY AND IMPORT PAYMENTS ROSE TO \$749 MILLION PROBABLY DUE TO RE-STOCKING BY IMPORTERS AND TO INCREASED IMPORT COSTS. INVISIBLES RECEIPTS ROSE 20 PER CENT TO \$138.5 MILLION FOR THE 3 MONTHS.

6. NET CAPITAL INFLOW OF \$183 MILLION FOR THE 3 MONTHS INCLUDED \$104 MILLION FOR OFFICIAL PURPOSES.

7. EXPORT RECEIPTS FOR THE YEAR ENDING JULY ROSE 52 PER CENT TO \$2,565 MILLION AND INVISIBLES RECEIPTS ROSE 24 PER CENT TO \$619 MILLION. IMPORT PAYMENTS WERE \$2,769 MILLION (UP 16 PER CENT) AND INVISIBLES PAYMENTS ROSE 30 PER CENT TO \$1,116 MILLION FOR THE JULY YEAR MAKING UNCLASSIFIED

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PAGE 03 WELLIN 03144 232158Z

A CURRENT ACCOUNT DEFICIT OF \$701 MILLION (VS. \$1,066 MILLION FOR THE JULY 1975 YEAR). THE TRADE DEFICIT WAS \$204 MILLION (VS. \$705 MILLION FOR THE YEAR EARLIER) AND THE INVISIBLES DEFICIT \$497 MILLION (VS. \$362 MILLION).

8. CAPITAL INFLOW FOR THE JULY YEAR REACHED \$1,155 MILLION (UP 24 PER CENT OVER A YEAR EARLIER). CAPITAL PAYMENTS REACHED \$651 MILLION, OVER 4 TIMES THE PAYMENTS OF THE JULY

1975 YEAR.

9. OFFICIAL RESERVES AT THE END OF JULY ROSE TO \$699
MILLION.
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